

VZCZCXYZ0000
PP RUEHWEB

DE RUEHRK #0123 1791646
ZNR UUUUU ZZH
P 271646Z JUN 08
FM AMEMBASSY REYKJAVIK
TO RUEHC/SECSTATE WASHDC PRIORITY 3710
INFO RUEHLO/AMEMBASSY LONDON 0147
RUEANHA/FAA NATIONAL HQ WASHINGTON DC

UNCLAS REYKJAVIK 000123

LONDON FOR FAA CHRISTOPHER BARKS
STATE FOR EUR/NB

SIPDIS

E.O. 12958: N/A
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SUBJECT: ICELANDIC AIR TRAFFIC CONTROLLERS END THEIR BRIEF ANNOUNCED STRIKE

¶1. (U) In early June, Icelandic air traffic controllers demanded better pay, hours and working conditions and declared if their demands were not met, they would strike for four hours daily beginning June 27. No agreement on these issues was reached and the controllers began the announced strike on June 27, grounding all but two international and domestic flights. The controllers reached an agreement with airport authorities almost immediately and the strike ended after just two hours. The agreement includes a 4.75 percent increase in pay with an additional increase of 3 percent to be added in February 2009. Cumulatively, this will result in an 11 percent increase in wages for air traffic controllers. Air traffic controller instructors are also to receive an increased fee of .5 percent for each student taught. To address working hours, the agreement calls for the hiring of more air traffic controllers.

¶2. (U) The strike - timed during the height of tourist season - could have had grave consequences for Iceland's economy. In 2006 two million passengers came through the international airport and tourism is the third largest sector of the economy. With just a single ferry connecting the east coast to northern Europe, Iceland is also reliant on air transport to stay connected with the rest of the world. Ragnhildur Hjaltadottir, Permanent Secretary of the Ministry of Communication, confirmed the terms of the agreement to Pol Intern and also stressed that there was no official involvement of the government in the agreement.

VAN VOORST